

Global Lottery Monitoring System



ARTICLES OF ASSOCIATION

Preamble

With the expansion of internet, sports betting has grown dramatically since the mid 1990's. With the continuing growth of new Internet betting companies, sports betting has become more visible to both the public at large and to the sporting federations.

The growth of sports betting activity has also seen an increase in match-fixing scandals (aimed at winning high-stake bets by the manipulation of the outcome of sporting events). Striving to maintain the integrity of sports, the sporting federations have sought means to prevent and detect match-fixing.

In Europe, many national lotteries were established, with close ties to their national sport associations (as their beneficiaries). Consequently the lotteries have also been actively engaged in the search for means to protect sports integrity. As a result, since 2005 the European Lotteries Association (EL) and its members have worked with sporting federations and with the World Lottery Association to monitor sports wagering and betting. The integrity of the sports betting games offered by lotteries around the world depends on the integrity of the sports themselves.

In 2009, EL organized a formal co-operation agreement between 19 national lotteries to monitor wagering and betting on sporting events with the aim of detecting any irregular activity. The agreement created the European Lotteries Monitoring System (ELMS) whose operational unit is located in the premises of EL and WLA member Danske Spil in Copenhagen, Denmark. Since then, ELMS has systematically monitored sports betting and wagering putting in place a manual alert system to detect and report irregular activity. Some non-European WLA members have also joined ELMS. Through the EL and the WLA, non-commercial monitoring agreements have been signed with international sport associations such as the UEFA, FIFA and the IOC, with the common goal of preserving the integrity of sporting competitions.

While it's the European lotteries that first took the initiative, match-fixing and manipulation of sporting competitions often have a global dimension. For this reason, since the June 2011 EL Congress in Helsinki, Finland, EL and the WLA have worked together to create a global sports monitoring system, based on the existing ELMS, but broadened to include the co-operation of lotteries from all continents. As well, in addition to offering global coverage, **it's the aim to automate operational efficiency through the use of new technology and to widen the scope of the monitored markets.**

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Continuing this effort, the WLA General Meeting in Montréal September 12, 2012, adopted a resolution which gave the WLA Executive Committee the mandate to identify a global solution together with representatives of the Regional Lottery Associations. The result of this joint effort is the establishment of the Global Lottery Monitoring System (GLMS).

Article 1

Name and Legal Status

1.1

An Association, organised in the form of a corporate body, in conformity with Articles 60ff of the Swiss Civil Code, is established under the name of **Global Lottery Monitoring System (GLMS)**.

1.2

The Association has its registered head office in Lausanne. It is officially entered in the Register of Companies.

1.3

The Association is a non-profit-making organisation.

Article 2

Aims & Objectives of the Association

2.1

The aims and objectives of the Association are as follows:

- a) to further the collective interests of its members and contribute towards safeguarding their reputations by combating the manipulation and fixing of sporting events on which bets and wagers are taken;
- b) to establish a systematic surveillance system to monitor sports betting – notably bets and wagers on football matches – with the purpose of detecting any unusual or suspicious betting patterns;
- c) to publicise the mechanisms put in place by the Association and its members to combat fraudulent practices connected to sports betting and wagering;

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- d) to conclude monitoring agreements with international sporting federations and organisations, such as FIFA, UEFA and the IOC, to work to protect the integrity of sporting competitions;
- e) to alert the relevant Association members and/or relevant sporting federations when verified evidence indicates unusual betting patterns;
- f) to cooperate with the relevant authorities on any investigation into sporting events about which there are suspicions.

2.2

The Association can implement all measures it deems necessary to fulfil its aims and objectives. Without limiting the generality, it can compile databases, subject to compliance with data-protection legislation, establish working groups, seek expert advice, as well as organise conferences and seminars. It can cooperate with any organisation pursuing objectives that are similar to its own.

Article 3

Membership & Membership Qualification

3.1 Membership Categories

The association has three membership categories

- a) Individual Members: Members of the WLA or one of the following continental lottery associations (EL, CIBELAE, NASPL, APLA, ALA) that conduct sports betting
- b) Collective Members: Associations whose members are lottery organisations authorized by the jurisdiction in which they operate.
- c) Associate Members: Organisations or authorities interested in safeguarding the integrity of sports. Associated members have no voting rights.

3.2 Individual members

Any organisation is eligible for individual membership that:

- a) conducts sports betting;
- b) is a member of the World Lottery Association (WLA) or one of the following continental lottery association (EL, APLA, ALA, CIBELAE, NASPL) and complies with its codes of conduct;
- c) maintains business practices that are in conformity with the Association's aims and objectives.

3.3 Collective members

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The collective members are European Lotteries (EL) and the World Lottery Association (WLA).

Collective membership is also open to the following continental lottery associations: APLA, ALA, CIBELAE, NASPL.

3.4 Associate membership

Associate membership is open to any organisation, interested in safeguarding the integrity of their operations and sports in general, such as (non-exhaustive list): sport organisations, National Olympic Committees (NOCs), law enforcement authorities, service providers. Associated members have no voting rights.

3.5 End of membership

Membership in the Association ceases upon the member's:

- a) dissolution;
- b) resignation;
- c) expulsion.

3.6 Dissolution

A member's membership is terminated once the dissolution procedure has been completed, either by virtue of that member's own decision or as a result of a legal ruling or upon the decision of an administrative agency in the jurisdiction in which the member has their registered office.

3.7 Resignation

Any member may tender its resignation by letter addressed to the General Secretariat.

Membership fees are due for the whole financial year in progress at the time of resignation.

3.8 Suspension and Expulsion

The Executive Committee may suspend or recommend for expulsion, for a final decision by the next General Meeting or Special Meeting, any member who:

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- a) fails to honour its obligations to the Association, amongst other by not paying annual membership fees for a period exceeding 12 consecutive months;
- b) No longer fulfils the conditions for membership, as stipulated under Article 3.2;
- c) damages the Association's interests and reputation in any other way.

If it deems appropriate, the Executive Committee may request representations from the relevant member before making a decision on suspension.

Article 4

Individual Members Obligations

4.1

Individual members must respect the parameters of the Association's monitoring and supervisory initiatives, notifying the Association of all useful information necessary for it to respect its undertakings to the various sports federations.

4.2

Individual members' duty to cooperate is established in the written operational procedures adopted by the Executive Committee.

Article 5

Funding

5.1 Funding Services

The Association's funding sources are:

- a) annual membership fees from individual, associate and collective members;
- b) proceeds from any campaigns and work conducted to promote the Association's objectives;
- c) grants and subsidies.

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5.2 Membership dues

The membership dues are set annually by the General Meeting.

The annual dues are payable in Swiss francs and are due within 60 days of invoice.

5.3 Individual members

The annual dues for Individual members are payable on a two tier scale.

5.4 Proceeds from campaigns and work conducted by the Association

As part of the Association's cooperative ventures with bodies interested in monitoring the integrity of competitions on which wagering takes place, the Executive Committee may conclude agreements under the terms of which provision is made for the Association to be remunerated for services that it renders.

Such remuneration may only serve to cover the Association's costs.

5.5 Grants & subsidies

The Association is prohibited from accepting donations and bequests from any private individual or organisation, irrespective of their legal status, that has any connection, either direct or indirect, with sporting bodies or their members, organisers of sporting events or sponsors of such events.

It is also prohibited from accepting any donation, the origin of which cannot be traced.

Conversely, the Association may accept public-sector grants and subsidies provided that they do not come from States identified by the FATF as having strategic deficiencies.

Article 6

Organization

6.1 The Association's governing bodies

The Association has the following governing bodies:

- a) the Executive Committee;
- b) the General Meeting;

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- c) the General Secretariat
- d) the Auditors.

The Executive Committee

6.2 Executive Committee membership

The Executive Committee is comprised of eight members, each from a different country, appointed as follows:

- a) four members elected at a Regular General Meeting;
- b) four members appointed by the founding Collective Members – EL and WLA-, (two each).

Members appointed by Collective Members begin their term of office upon their appointment. Their term of office is terminated if the subsequent General Meeting fails to ratify their appointment, in which case the concerned Collective Member must appoint another person, subject to the ratification process.

6.3 Eligibility

Only persons holding executive positions in an Individual Members' organization are eligible to serve on the Executive Committee.

Members must appoint a new Executive Committee member whose eligibility is accepted by the Executive Committee.

Candidacies for election to the Executive Committee at the General Meeting must be submitted to the Executive Committee at least sixty days before the General Meeting at which the election will take place. The Executive Committee will refuse any candidates who do not fulfil the criteria as stipulated in the first paragraph above.

6.4 Term of office

An Executive Committee member's term of office is two years. It may be renewed indefinitely.

6.5 Independence

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Members of the Executive Committee sit as individuals and may not be replaced by representatives. They exercise their role as Executive Committee members in complete independence and receive no orders from others.

6.6 Organisation of the Executive Committee

The Executive Committee shall appoint one of its members as Chair, who shall also act as President of the Association and a Vice-Chair.

The Chair must be appointed with the agreement of the four members of the Executive Committee appointed by Collective Members.

The Executive Committee establishes the signing powers.

The Executive Committee meeting shall be convened by the Chair or, if the Chair is unable to do so, by the Vice-Chair at any time association business calls for it. Three Executive Committee members may also request a meeting be convened, stipulating business to be included on the agenda.

6.7 Executive Committee meetings and Quorum

The Executive Committee shall meet in person at least once a year.

A quorum of the Executive Committee shall be a majority of the sitting Executive Committee members.

6.8 Executive Committee meetings held via electronic communication means

The Executive Committee may be convened at any time association business calls for it by telephone or video conference.

The rules governing quorum voting are the same as for a face to face meeting.

6.9 Decisions taken by circular memorandum

Decisions may, if required, be taken via a memorandum circulated to Executive Committee members. In such instances, the General Secretariat will circulate the document which shall include a brief presentation of the grounds and the purpose of the decision. The decision shall be accepted if a majority is secured and all members have effectively received the document circulated for a decision.

In exceptional circumstances, a member unable to attend an Executive Committee meeting may agree to a proposal discussed at a meeting, by returning the proposal, dated with the member's original signature. To be valid, this countersigned proposal must reach the General Secretariat at the latest seven days after the Executive Committee has voted on it. If the seventh day happens to be a week-end or a national

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holiday, the deadline is extended to the first subsequent working day. The vote cast in this way shall be counted for the purposes of calculating the majority.

If the Executive Committee has installed a secure electronic communication set-up, with electronic verification of members' identities, decisions by circular mode may be taken using this secure system.

6.10 Decisions

Executive Committee members each have one vote.

Decisions shall be taken by majority vote of those members present. If the voting is tied, the Chair shall have the deciding vote.

Decisions are recorded in minutes signed by the General Secretary or, in the Secretary's absence, by an Executive Committee member. Each member may ask for the reasons for his/her vote to be minuted.

6.11 Powers

The Executive Committee has the powers to act for all matters that are not expressly accorded to another governing body, namely to:

- a. establish an action plan for the Association and supervise its implementation;
- b. determine which sports should be monitored as a priority;
- c. establish the annual budget and ensure costs are covered by income;
- d. establish permanent General Secretariat and recruit the necessary staff, to realise the Association's objectives;
- e. conclude agreements with other bodies interested in the supervision and monitoring of the probity of sporting events on which betting and wagering takes place;
- f. approve a monitoring handbook, that can be revised in light of experience, detailing the information to search for, its prioritisation, requirements as regards verification of the information, the levels of alerts to be accorded to the information obtained, the ways in which the warnings are signalled and the protocols to be complied with, together with any other matter, method or process useful for setting up an efficient, credible and fit-for-purpose monitoring and surveillance system aimed at safeguarding the probity of sports events on which betting and wagering takes place.

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Particular attention should be paid to establishing the appropriate requisite procedures or avoid any spurious allegations being made.

- g. establish the membership fees and supervise their collection;
- h. approve the annual report and yearly audited financial statements;
- i. convene all General Meetings; set their agendas and select their location;
- j. grant provisional admission, suspension and recommendations for expulsion of members of the Association;
- k. establish special committees to undertake tasks for specific purposes.
- l. establish safeguards necessary to ensure compliance with applicable competition law.

6.12 Representation of the Association

The Executive Committee and General Secretariat shall validly act as representative of the Association in dealings with third parties and make binding commitments for the Association in accordance with the signing powers it has decided upon.

6.13 General Secretary

The General Secretary shall be appointed for an indefinite period by the Executive Committee.

The General Secretary is responsible for the daily management and the administration of the business of the Association and is the head of staff. He or she shall be subordinated and report to the Executive Committee.

The General Secretary shall attend all meetings of the Executive Committee, providing Secretariat to it.

The General Secretary represents the association and takes care of and defends the interests of the Association and enhances its image.

The General Secretary shall be responsible for the administration of the Association between General Assembly meetings and, in this connection, take any decision conducive to the activity of the Association and the realization of its objectives.

The General Secretary shall submit an activity report to the General Assembly

General Meeting

6.14 General Meeting – Powers

The General Meeting has the following powers:

- a) election and ratification as the case may be, of Executive Committee members;
- b) admission, suspension and expulsion of members of the Association;
- c) establish the dues payable by members;
- d) appointment of Auditors, on a proposal submitted by the Executive Committee;
- e) consideration of the Executive Committee's management report;
- f) ratification of the audited accounts of the previous financial period and approval of the budget for each fiscal year that will have commenced before the next scheduled General Meeting;
- g) ratification of the Executive Committee's actions since the last General Meeting;
- h) adoption and modification of the Articles of Association;
- i) dissolution of the Association.

Prior to a vote being taken on a Member's expulsion, the Member must be offered the opportunity of presenting its position with regards to the alleged failure at the General Meeting where the vote is being taken.

6.15 Convening the General Meetings

All General Meetings are convened by the Executive Committee by notice sent to each member at least thirty days before the date set for the meeting.

The agenda for a General Meeting is attached to the notice convening the Meeting. The Meeting may not discuss and decide on items not included on the agenda, other than a resolution to convene a new meeting. However, the agenda may be modified if a majority of members attending the General Meeting give their consent.

The Regular General Meeting is held once every two years.

In addition, the Executive Committee may convene an Extraordinary General Meeting if it deems it useful. The Executive Committee must convene an Extraordinary General Meeting if a fifth of the members in good standing request it. In the latter instance, the

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members requesting that such a meeting be convened must advise the Executive Committee in writing of the items they want to be included on the agenda.

6.16 Quorum

Subject to the provisions in Articles 8.1 and 8.2, the quorum for all General Meetings is the members who are present at the meeting.

6.17 Voting rights

Individual Members in good standing have one vote. However, the combined votes of the Individual Members are weighted to represent 40% of the total votes cast.

Collective Members in good standing each have one vote. However, the combined votes of Collective Founding Members' (EL and WLA) are weighted to represent 60% of the total votes cast.

Voting and elections are conducted by show of hands, unless 20% of the members in good standing present request a secret ballot.

Abstentions or spoiled/blank voting slips are counted as votes cast.

A member in good standing may also cast the proxy vote for one other Member in good standing who is not present at the General Meeting - but never for more than one such absent Member - provided that a prior written authorization to execute the proxy has been received from the person representing that absent Member.

6.18 Majorities

Subject to article 8.1 and 8.2 resolutions shall be decided upon by simple majority vote of votes cast as calculated under Article 6.16.

Audit

6.19 The Auditors

The Association's annual accounts will be submitted for an audit to auditors accredited under the terms of the Swiss Federal Law of 16 December 2005 on the licensing and oversight of audits.

The Auditors are appointed for a, renewable, term of two years.

6.20 Auditing

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The Auditors shall undertake a limited scope audit of the Association's accounts, under the terms of Articles 728ff of the Swiss Code of Obligations.

The Auditors shall compile an annual report for the Executive Committee and a report covering two financial years for the General Meeting, under the terms of Article 728 of the Swiss Code of Obligations.

6.21 Special audit

The General Meeting or the Executive Committee may order a special audit to be conducted if there are serious motifs to suggest signs of anomalies.

Article 7

Sundry Provisions

7.1 Fiscal year

The fiscal year of the Association is January 1 to December 31, except for the first fiscal year which begins when the Association is created and ends on December 31 of the subsequent year. Approval of the accounts by the General Meeting, as a rule, covers two financial years.

7.2 Working language

The working language for all official meetings of the Association is English.

All documents or papers drafted in another language must be translated into English to be presented to the Executive Committee or the General Meeting.

7.3 General Secretariat

The Secretariat is an Association governing body.

Its task is to undertake, upon instruction from and under the supervision of the Executive Committee and/or General Secretary, all administrative, technical and organisational tasks required to fulfil the Association's aims and objectives.

7.4 Liability

Association members are not liable for the Association's debts.

They incur no liability with regard to activities undertaken by the Association.

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Individual members are, however, responsible for the reliability of information they transmit to the Association under the terms of their duty of cooperation.

7.5 Notice

All notices and transmission provided for under the terms of these articles of Association shall be deemed given to another Party if in writing sent by (i) regular mails; (ii) private delivery service; (iii) facsimile transmission or (iv) email.

7.7 Remuneration and Expenses

The Executive Committee Members are not remunerated as such. Only those travel related expenses under the "Reimbursement Policy" as approved by the Executive Committee shall be reimbursed.

Article 8

Amendment of Articles of Association and Dissolution

8.1 Amendment of the Articles of Association

The Articles of Association may only be amended at a General Meeting. The notice convening the meeting must include the text in force and the text of the amended provisions.

If the proposed amendment originates from the Association's membership, the Executive Committee may issue its opinion and send it out with the notice.

The General Meeting may only pass a valid resolution on a proposal to amend the Articles of Association if at least 60% of the Association's membership is present.

Any proposal to amend the Articles of Association must obtain an affirmative vote of no less than two thirds of the votes cast, as calculated under Article 6.16, to be approved.

8.2 Dissolution

A resolution to dissolve the Association may only be taken by a General Meeting specifically convened for this purpose. The quorum and voting rules applicable are as stated in article 8.1.

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8.3 Allocation of liquidation proceeds

In the event of the Association being dissolved, any net disposable assets will be allocated in full to a not-for-profit association pursuing similar objectives to this Association or, failing that, to a charitable body with tax-exempt status. Under no circumstances may the Association's assets be returned to the founders or other members, nor be used for their benefit.

8.4 Final provisions

These Articles of Association were approved by the General Meeting of members on 21.01.2015 and reviewed in the Extra-Ordinary General Meetings of 15.5.2018 in Lyon and 20.11.2018 in Buenos Aires respectively. They come into force with immediate effect.